

BANK INDONESIA REGULATION  
NUMBER: 7/44/PBI/2005  
CONCERNING  
SECOND AMENDMENT  
TO BANK INDONESIA REGULATION NUMBER 5/5/PBI/2003  
CONCERNING RUPIAH AND FOREX MONEY MARKET BROKERAGE  
COMPANIES

THE GOVERNOR OF BANK INDONESIA,

- Considering :
- a. whereas to support national economic growth, it is necessary to promote the development of rupiah financial markets, including the secondary market for Government Securities;
  - b. whereas one means of promoting the development of rupiah financial markets and the development of the secondary market for Government Securities is by expanding the role of rupiah and forex money market brokerage companies in providing brokerage services and in providing relevant market information;
  - c. now therefore based on the considerations referred to in letter a and letter b, it is deemed necessary to enact an amendment to Bank Indonesia Regulation Number 5/5/PBI/2003 concerning Rupiah and Forex Money Market Brokerage Companies;

In view ...

- In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette Number 3790);
2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);
3. Act Number 24 of 1999 concerning Foreign Exchange Flows and the Exchange Rate System (State Gazette of the Republic of Indonesia Number 67 of 1999, Supplement to the State Gazette Number 3844);
4. Act Number 24 of 2002 concerning Government Securities (State Gazette of the Republic of Indonesia Number 110 of 2002, Supplement to the State Gazette Number 4236);
5. Bank Indonesia Regulation Number 5/5/PBI/2003 concerning Rupiah and Forex Money Market Brokerage Companies (State Gazette of the Republic of Indonesia Number 44 of 2003, Supplement to the State Gazette Number 4283) as amended by Bank Indonesia Regulation Number 7/20/PBI/2005 (State Gazette of the Republic of Indonesia Number 67);

HAS DECREED ...

HAS DECREED:

To enact : THE SECOND AMENDMENT TO BANK INDONESIA  
REGULATION NUMBER 5/5/PBI/2003 CONCERNING  
RUPIAH AND FOREX MONEY MARKET BROKERAGE  
COMPANIES.

Article I

A number of provisions in Bank Indonesia Regulation Number 5/5/PBI/2003 concerning Rupiah and Forex Money Market Brokerage Companies (State Gazette of the Republic of Indonesia Number 44 of 2003) as amended by Bank Indonesia Regulation Number 7/20/PBI/2005 (State Gazette of the Republic of Indonesia Number 67 of 2005) are hereby amended as follows:

1. The provisions of Article 1 number 4 and number 6 are hereby amended so that Article 1 reads as follows:

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Rupiah and Forex Money Market Brokerage Company”, hereinafter referred to as Brokerage Company, is a company founded specifically to conduct brokerage business for the account of its customers on the Rupiah and forex money market, earning fees for services rendered.
2. “Bank” is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

3. “Client” ...

3. "Client" is any party using the services of a Rupiah and forex money market brokerage company.
  4. "Government Securities" (GS) are securities in the form of debt instruments as referred to in Act Number 24 of 2002 concerning Government Securities, consisting of Treasury Notes and Government Bonds.
  5. "Treasury Notes" are Government Securities with a maturity of up to 12 (twelve) months, bearing interest paid under the discount system.
  6. "Government Bonds" are Government Securities with a maturity of more than 12 (twelve) months, bearing interest paid on coupons and/or under the discount system.
  7. "Board of Directors" is a corporate organ of a brokerage company bearing full responsibility for the interests and objectives of the company and representing the company in and out of court in accordance with the provisions of the articles of association.
  8. "Board of Commissioners" is a corporate organ of a brokerage company responsible for general and/or specific supervision and providing advice to the Board of Directors on the operation of the brokerage company.
  9. "Days" are calendar days, unless specified as working days.
2. The provisions of Article 2 paragraph (1a) and paragraph (3) are hereby amended so that Article 2 reads as follows:

## Article 2

- (1) The line of business conducted by a Brokerage Company is the provision of brokerage services for the account of its customers on the Rupiah and forex money market.
  - (1a) Brokerage Companies may also conduct brokerage business in Treasury Note transactions on the primary market and the secondary market, and in Government Bonds transactions on the secondary market.
  - (2) In conducting business as referred to in paragraph (1) and paragraph (1a), a Brokerage Company may earn fees for service rendered.
  - (3) Clients of forex money market Brokerage Companies are Banks, while on the Rupiah money market, clients of money market Brokerage Companies are Banks and Non-Bank parties.
  - (4) If necessary, Bank Indonesia may use the services of a Brokerage Company.
3. The provisions of Article 4 letter c are hereby amended so that Article 4 reads as follows:

## Article 4

Brokerage Companies are prohibited from:

- a. conducting transactions on the Rupiah and forex money market for their own account and/or using their own funds;
- b. conducting transactions on the Rupiah and forex money market for the account of a Brokerage Company owner and/or using the funds of an owner of the Brokerage Company concerned;

c. providing ...

- c. providing brokerage services on the capital market, except for Government Bond transactions on the secondary market;
- d. conducting settlement for clients; and
- e. disclosing information on names of clients before agreement is reached on a transaction.

## Article II

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in: Jakarta

Dated October 21, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH